Interpreting Brand Development as Entrepreneurship – The Role of Brand Strategies

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***Abstract*- Our research has been driven by the apparent lack of rigorous theory within the branding literature. Theoretical concepts have seldom been linked to business theory. This article presents an approach to branding which links branding to different approaches to entrepreneurship and uncovers the essential role of brand strategies when connecting branding to the management literature. Strategy and branding overlap and strategy links contemporary branding and entrepreneurship literature. There are various approaches to entrepreneurship which is relevant to the analysis of brand strategies. For the sake of simplicity we have divided them into two strands, the business school approach and the Schumpeter school. Essential to our understanding of brands is the ability of brands to decrease the transaction cost and reduce the information asymmetries between consumers and producers in the market. By relying on brands the actors in the market can reduce their search and information cost and the total cost of performing a market transaction.**

***Keywords*- brands, entrepreneurship, Schumpeter, strategy, transaction cost**

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Introduction

Brands play an essential role in the marketing of products and services. In the literature on brands, branding has previously been attributed to the creation of: brand personality (Aaker 1997); brand intangibles (Levy 1999); brand relationships (Fournier 1998); brand experience (Schmitt 2003); and brand positioning (Keller et al. 2002). Brand serves several functions in markets and simplifies choices of products, reduce risk and create trust when accompanying marketing activities (Keller and Lehmann 2006). Brands can be used to create competitive superiority where the brand stands out relative to the brands of competitors. The financial value of creating a superior brand is immense and can be measured in terms of brand equity. Customers can build a relationship to brands which makes their choice easier and reduces the transaction cost. The brand generates a personality which generates an augmented experience. It can be the objective of an entrepreneur to generate such a strategy that ensures a favourable positioning for its brands and generates increased profits as a result of brand positioning.

The positioning of a brand is not static but can change over time. There are examples of brands losing their preference among customers as well as the revival of old brands reaching new positions among customers. The emergence of retro branding has shown that even old fashion brands can regain its preference among customers (Brown et al. 2003). Brands such as Abercrombie & Fitch which had become a brand for old men, but has regained its appeal among customers of all ages, and has shown that a branding strategy can help an old brand to regain its status and preference among customers. There is thus a dynamism to brands that changes over time and is incurring new meaning to new generations of customers. The role of the entrepreneur is to maintain competitive

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positioning and develop existing as well as introducing new brands into the market.

Entrepreneurship and brand research long had industrial corporations as their primary focus. Entrepreneurship, innovation, and brands as described in the literature refer to an industrial product perspective. Entrepreneurship has mainly been associated with 'heroes' in creative organizations (Johannisson, 2009). This perspective has its roots in an old industrial paradigm that arose during the Industrial Revolution in the late 1800s. One consequence has been that many associate innovation with the introduction of technical innovations, such as the steam engine, electric motor, or laser beam. The focus of research has been the description of how companies have launched new physical goods or new industrial production methods. The focus in these often meritorious studies has usually been older American industrial corporations (Chandler, 1977). The results of this research cannot easily be transferred to a European context, applied to companies operating in other sectors (e.g., services, trade, and agriculture), or applied to smaller companies.

Only recently has research into entrepreneurship paid attention to new and small businesses. More recently, research has also begun to examine the creation of intellectual property as a form of innovation (OECD, 2009). Intellectual property includes patents, copyrights, organizational solutions, and brands, all devices that can constitute important tools for entrepreneurial action (Hisrich et al., 2008). When properly protected, these assets can give companies comparative advantage over their competitors. Some theoretical studies link theories of entrepreneurship with theories of intellectual property. That the creation of strong brands can be useful to entrepreneurial companies, however, is rarely addressed in the literature on entrepreneurship or competitive strategy. In the management literature, brands are viewed as an increasingly important economic and strategic resource in a global market: a trademark can be assumed to have enormous value. That brand creation can be part of an entrepreneurial strategy is a consideration often ignored in the literature. The brand is often described as an isolated phenomenon bearing little relationship to the enterprise or entrepreneurship. There is a missing theoretical link between theories of entrepreneurship, brands, and strategy. Furthermore, few empirical studies have examined how small and new companies with non-industrial activities proceed in attempts to create new markets by generating corporate brands (Gratzer, 2011; Gratzer et al., 2011; Rytkönen & Gratzer, 2010). It is these and other gaps in our knowledge that we intend to fill.

To begin with, we review various theories of entrepreneurship. Then, after a brief introduction, we present several theoretical perspectives that could bring brands into broader theoretical perspective. After examining brand theory, we highlight several studies that examine a combination of entrepreneurship and brands. In addition, we make suggestions for future research to bring together the two fields. We conclude with suggestions for a theoretical synthesis between the two theoretical areas.

Entrepreneurship: Various Theoretical Perspectives

What is entrepreneurship, who are entrepreneurs, and where are they active? These questions seem simple, but the answers are multifaceted. Although the entrepreneur and the entrepreneurial function of the economy are considered as old as work-sharing and bartering, the entrepreneur has been an elusive figure in economic theory (Berglund, 2007; Kilby, 1971; Sandahl, 2003). Economists still have no uniform explanation of who entrepreneurs are and what they do (Demsetz, 1983; Hébert and Link, 1982; Henrekson and Stenkula, 2007). Among non-economists, the explanations are even more varied. Many doctrines are evident in historical overviews of entrepreneurs presented in the fields of economic history (Graz, 1983; Hoselitz, 1951; Schumpeter, 1952; Shore, 2005), sociology, psychology, and corporate finance (Sexton, 1982; Welsch, 1992).

Entrepreneurship theories can be classified based on the features they attribute to entrepreneurship. Accordingly, we can distinguish between theories that emphasize entrepreneurs as (i) innovators (Schumpeter, 1911), (ii) arbitrators who detect and exploit untapped profit opportunities (Kirzner, 1973), (iii) and decision makers in conditions of genuine uncertainty (Knight, 1921), and (iv) coordinators (Say, 1816). More recent contributions often present variations or analytical refinements on these identified functions, some choosing to make connections between them (Baumol, 1993). We can also distinguish between theories focusing on the individual, i.e., the entrepreneur (McClelland, 1961), and theories focusing on the function or process, i.e., entrepreneurship. The latter approach had already been predicted by institutional economists R.T. Ely and J.R. Commons, but was only developed fully by J.A. Schumpeter in the 1940s (Schumpeter, 1947). Research into entrepreneurship is now extensive and has given rise to several theories that have won acceptance and influence (Marian & Dimi-Tratos, 2004). It is possible to divide research in this field into several theoretical streams; for simplicity, we distinguish between what we call the 'business school approach' and the 'Schumpeterian school'.

The Business School Approach

The 'business school approach' is based on a quantitative tradition and includes researchers such as Birch (1979), Gartner (1988), Davidsson (1990), and Delmar (1996) as well as the international GEM studies (Global Entrepreneurship Monitor, 2008). This theoretical stream is probably the best established in economics education and currently guides decision-making in economic policy. It operationalizes entrepreneurship by measuring attitudes towards entrepreneurship, number of new companies, extent of self-employment, and growth of existing firms (Shane, 2003). One problem with this tradition is its weak or absent link to economic theory. It often measures entrepreneurship at the organizational level, which can be problematic, and it cannot satisfactorily capture definitions and operational dimensions of the transformations and innovations in start-ups. In addition, the theory does not cover entrepreneurship in public companies, and 'intrapreneurship' within existing (often large, privately held companies) is beyond its measurement capabilities. The advantage of the approach is that the required measurements are relatively simple and appropriate data are readily available for many levels of investigation, which has helped generate many scientific articles. From a discourse–theoretical perspective, the business school approach fosters the notion that entrepreneurship itself represents systemic change; accordingly, a policy implication is that it is desirable to continuously increase the number of new companies.

The Schumpeter School

This school defines entrepreneurship in terms of function, as something present when a novelty (i.e., innovation) is introduced. According to Schumpeter, the concept of innovation includes qualitative changes in a wide range of functions, including introducing new products, technological change, opening up new markets and sources of raw materials, and introducing new brands. Entrepreneurship thus defined involves everything that can be described as 'doing things differently' in economic life, everything that creates and changes the world and advances development. The entrepreneur, by definition, implements innovation. When an innovation has successfully been implemented, it will be mimicked by other entrepreneurs, leading to economic growth. When the novelty has become routine, the entrepreneurial function is eroded, meaning that the function is limited in time. The main advantages of the Schumpeterian approach, which emphasizes innovation, are that its indicators are well linked to theory and it is able to capture entrepreneurship in existing firms. The theory also distinguishes between economic growth (quantitative) and economic transition (qualitative). A policy implication is that development capacity can be stimulated even in existing companies. A disadvantage of the theory is that innovation understood in its terms can be difficult to operationalize in empirical measurements, meaning that appropriate data are not readily available at the micro, meso, and macro levels (Polenske, 2007). Though both discussed approaches have their advantages and disadvantages, much modern entrepreneurial research is based on Schumpeter's theories of economic growth and entrepreneurship (Casson, 2006, 2010; Landström & Lohrke, 2010; Parker, 2006).

Brands in the Management Literature

In an attempt to describe the historical development of brands, Low and Fullerton (1994) trace their origin to about 1870, when they appeared in a few industries such as patented drugs and tobacco products. Some of the main reasons why brands arose at this time are: (i) industrialization and urbanization, (ii) improved protection of trademarks, (iii) mass-produced advertising, (iv) retail-sector modernization, and (v) improved and uniform packaging. A combination of these factors made the launch of brands in manufacturing both possible and desirable for large businesses, initially in the U.S.A., but later throughout the industrialized world. Brands such as Gillette, Quaker Oats, and National Biscuit were launched as trademarks in the U.S. market in the 1880s and 1890s. Later, the brands Heinz and Coca Cola hired advertising agencies for the first time for help in building their brands (Tedlow, 1990).

The management literature defines brands in two main ways, using business-oriented and consumer-oriented definitions. The American Marketing Association's definition is business oriented, a brand being defined as: 'A name, term, sign or symbol, or design, or a combination of them, intended to identify the goods or services of one seller or group of sellers and to differentiate them from those of competitors' (AMA, 1960). A consumer-oriented definition, promoted as an alternative to the previous definition by Ambler (1992), defines a brand as: 'The promise of the bundle of attributes that someone buys and provide satisfaction ... The attributes that make up a brand may be real or illusory, rational or emotional, tangible or invisible.' While the first definition can be related to hard data such as patent applications, the second implies a more qualitative understanding of the meaning of brands to consumers.

An important aspect of brand theory in business concerns a brand's value to consumers. Brands can be considered to generate specific consumer value beyond the product that the brand represents. A common definition of consumer value is that it represents the difference between what the consumer perceives as the benefits of consuming a good or service and the cost to the consumer of this good or service (De Chernatony et al., 2000). Value can be difficult to measure, since it contains a highly subjective component; it is also dynamic, evolving and changing over time (Jaworski & Kohli, 1993). A brand represents a major opportunity for a company to differentiate its products from competing products (Wood, 2000). Aaker (1991) argues that a strong brand can lead to increased profitability, better access to distribution channels, and opportunities for production expansion through so-called product line extension.

Brands: Various Theoretical Perspectives

A trademark is usually described as a hallmark for a product or company. A brand can be expressed in one word, a unique logo, or a recognizable concept, for example, an audio signature, brands have both advantages and disadvantages. We can view the brand phenomenon from producer and consumer perspectives, and from the perspectives of various economic theories (Uggla, 2003).

A Static Perspective

In prevailing macro-economic theory, the neoclassical model regards the brand as a market imperfection. According to this theory, the price mechanism works only in a situation of pure competition, which requires certain conditions. Pure competition, which forces companies to keep prices down and produce at the lowest cost, is considered to benefit the consumer. The theory is described as 'static' with reference to the examination of equilibria at specific times. An example of a static element of economic theory is the fixing of a product's equilibrium price, i.e., the price at which the quantities offered and demanded are equal. In such a static equilibrium there is no growth or contraction, conditions are the same in all periods, and the company is seen as a passive reactor to exogenous stimuli. In our opinion, the static perspective is best at explaining how price formation occurs under the assumption of perfect competition.

A market structure characterized by many companies, but when the product is differentiated so that companies succeed in dominating particular parts of the market, is said to be characterized by monopolistic competition. This market structure is characterized by the existence of many competing companies selling similar but not identical products in a market with many buyers. Common products of such markets are designer clothes, detergents, processed foods, and cosmetics. In markets with monopolistic competition, competing companies can create their own niches by differentiating their relatively homogeneous products (Ireland, 1987; Shepherd, 1996). One way a company can achieve this is to create an attractive brand; the company thereby acquires a kind of monopoly and can then charge a higher price. As this leads (from the neoclassical or static perspective) to welfare loss for consumers, neoclassical theory has difficulties explaining consumer choice of particular brands. The macro–economic mainstream regards the brand as an aberration and a departure from the norm of an ideal market, i.e., a market imperfection that the theoretical static perspective believes leads to welfare loss for consumers. However, we believe that, like other phenomena, brands offer both advantages and disadvantages – including to consumers. To clarify, we consider brands from a dynamic theory perspective.

A Dynamic Perspective

Dynamic theory seeks to explain phenomena as they change over time. A dynamic model makes assumptions about the relationships between variables at different times or periods. Dynamic analysis applies such theory. In such analysis, the object under examination is often the economy and the company's ability to improve consumer 'advantage' over time by creating new resources, increased prosperity, and greater satisfaction. From this perspective, it is not at all certain that pure competition is superior. Dynamic efficiency (i.e., the economy's capacity for growth and economic regeneration) may be favoured by the very factors considered to lead to static inefficiency, i.e., market imperfections such as monopolistic competition or oligopoly. One of the most prominent economists who saw the reality of pure competition theory was Schumpeter. He saw the ability of companies to see innovation as crucial to growth. A firm's desire to acquire a monopoly, according to Schumpeter, is the main driving force of development and renewal, when a new product or a powerful brand is launched, or when the company initially lacks competitors. The price is fixed according to the principle of monopoly price fixing.

In extreme cases, a monopoly, i.e., where a single enterprise supplies a whole market with a product, can mean that the market price is higher and the quantity produced lower than in the case of pure competition. The monopolist is thus not a winner, but the price setter. Moreover, the monopolist will naturally set the price so that it results in maximum profit. There is therefore a strong incentive to create a long-term monopoly. According to Schumpeter, this is one reason why copyright, patent, trademark, and design regulations exist. These laws give companies an opportunity, at least temporarily, to protect their monopolies. Creating monopolistic markets via brands can be viewed as an entrepreneurial act that leads to profit. Attractive brands create entry barriers against competitors and exit barriers for customers. Empirical research has demonstrated that producers can – by creating attractive brands – achieve higher revenues and profits (Aaker, 2000; Gratzer, 2010, 2011; Hägg & Scheutz, 2006). A strong brand can also be a powerful tool with which a business can access a market and compete successfully with established businesses.

A Transaction Cost Perspective

In a next step, we approach the brand from the consumer perspective and apply Ronald Coase's theory of transaction costs. Transaction cost theory has previously been viewed as relevant to the analysis of entrepreneurship (Otuteye & Sharma, 2004). In 1937, Coase published an article entitled 'The nature of the firm,' which led to a veritable revolution in this particular field of business theory. His central question was why companies existed: why was not all coordination and control accomplished via the price mechanism? Coase's answer referred to the costs related to the use of the price mechanism. When purchasing goods or services, the costs of organizing the transaction can be high or low for various reasons. These costs include those of obtaining information about the relevant prices and qualities (search costs), of negotiating contracts for each new transaction (contract costs), and of establishing and maintaining agreements (agreement costs). Through a company one agreement replaced several agreements, and the number of transactions is reduced (Alchian & Allen, 1974; Coase, 1931, 1960).

Followers of Coase, especially Oliver Williamson, developed transaction cost theory. In the works *Markets and Hierarchies: Analysis and Antitrust Implications* (1975) and *The Economic Institutions of Capitalism* (1985), Williamson expanded and generalized Coase's ideas about markets and companies. To Williamson, the transaction itself, rather than the company, was the main analytical unit (Palsson Sylla, 2002: 287).

Both Coase and Williamson used transaction cost theory in analysing the supply side (Coase, 1991). The novelty of our approach is that we believe that the transaction cost perspective can also be used in explaining certain consumer behaviours. For economic prosperity to be as great as possible, it is essential that there be as little friction as possible in the economy. For consumers (and businesses) to make correct and rational decisions, they must have access to reliable information on the costs and consequences of their choices. Accordingly, both the costs of gathering information and the transaction costs should be low: the higher the transaction costs, the less effective the market exchange is considered. This means that it is important to ensure that transaction costs are low, information is reliable, and market exchanges are smooth. Economists frequently cite several factors likely to lead to higher transaction costs, for example, product characteristics, quality, performance, durability, warranty, and price. One crucial factor is product complexity. A bag of sand is a fairly straightforward product, while services such as home insurance or a telephone subscription are fairly complex. Compared with the bag of sand, more extensive information on the alternatives must obviously be evaluated before a decision to purchase the latter can be made. This entails higher search or transaction costs.

As already mentioned, transaction costs should ideally be low. Transaction cost theory has previously been used primarily in the analysis of firms (Coase, 1937, 1960, 1991). We will extend the application of transaction cost theory by using it in the analysis of consumer brand choice. If we consider brands from the buyer's perspective, they can have putative functional, emotional, and self-expression benefits. Identification with a brand is an emotional and cognitive process that enables customers to reduce the search time and thus the search costs of finding the right product or service. The longer and more strongly parties to a purchase transaction are committed to each other, the lower the search costs and the greater the mutual knowledge, which reduces the uncertainty of the transaction. The brand's function is to associate quality with social status, providing an experience of reduced uncertainty and risk. Risk has recently become particularly important in people's relationship to the spending of money, which could explain the strong focus on developing brands in more sectors. A strong brand often commands a higher price, the higher price serving to signal quality to customers (Aaker and Joachimstaler, 2000). In conclusion, we note that producers and consumers have different intentions with respect to brands, but that they are brought together by two dynamic, growth-generating and wealth-generating factors: higher yields and lower transaction costs.

Strategy and Brand Development

Strategy has become a central concept in the management literature, and is considered an important component of business success and survival (Cheb, 1999; Graetz, 2000; Noble, 1999; Mitzberg, 1987). Strategy can also be linked to brand research, which can help us understand the behaviour of entrepreneurs in various markets. The relevance of trademarks to entrepreneurship can be examined in entrepreneurship research by studying the ability to develop strategies. Research into trademarks and entrepreneurship has had a focus on strategy as a common denominator. Entrepreneurial strategy development has previously been studied by, among others, Ireland, Covina, and Kuratko (2009) and Wright and Dana (2003). Entrepreneurship policy is seen as a way to develop the company and its innovations: this represents strategic brand development. The strategic aspects of brand development have previously been analysed by Keller, Aperia, and Georgson (2008), van Gelder (2004), and De Chernatony (1997).

A brand represents innovation, value for the consumer, and can be developed as a strategic resource for the company. With the help of brands, companies use strategies to develop their business in various markets. This can be seen as integral to entrepreneurial strategy. The uniqueness of our research is that we regard the brand as a tool with which to develop entrepreneurship strategy. Strategic brand development primarily concerns finding a better position in the market relative to competitors. A well-positioned brand can give a product a much higher price than those of competing brands.

Research into brands is important for understanding entrepreneurial practices in various markets. The relevance of trademarks to entrepreneurship can be integrated into entrepreneurship research by examining the ability to develop strategies. We believe that a synthesis between brand and entrepreneurship theories can be created by treating strategy as a common denominator.

We can approach the strategy literature from a management perspective. Generally speaking, according to Porter (1998), three strategies can be identified that give a company a long-term defensible ability to outperform competitors in its industry: (i) cost superiority, (ii) differentiation, and (iii) strategic focus. These strategies can be used singly or in combination. In this context, the differentiation strategy is the most interesting. This strategy involves differentiating the product or service offered by the company to create something that, overall, can be perceived as unique in the industry. Differentiation can take many forms, emphasizing, for example, design or brand image, technology, product features, or customer service. If achieved, differentiation is a viable strategy for obtaining results in an industry. Differentiation also protects a company from competition, because it engenders brand loyalty from customers and consequently lowers their price sensitivity (Porter, 1998).

We can also approach the strategy literature from an entrepreneurial perspective. Here we should first bear in mind that the motives or reasons for becoming an entrepreneur can vary between individuals, which affects choice of strategy. Accordingly, business activities can be divided and classified based on the applicable motives. An individual may become an entrepreneur because he or she has discovered or created a business opportunity that can be developed. However, an individual may also start a business because other livelihood opportunities are lacking. To distinguish between these two types of 'entrepreneurship,' the Anglo-Saxon literature usually speaks of opportunity entrepreneurship, in the former sense, and necessity entrepreneurship, in the latter (Reynolds et al., 2002). Some authors instead distinguish between pull and push factors (Storey, 1994). Notably, necessity entrepreneurship, according to a strict theory-related definition of the term, cannot easily be regarded as entrepreneurship. A worker who feels compelled to start a hot dog stand in an established market due to lack of options, without adding anything new to the service or without having found any untapped opportunity, should not be defined as an entrepreneur (Henrekson & Stenkula, 2007). Shane (2003), suggest that entrepreneurial strategy includes two main considerations: (i) how the entrepreneur can develop competitive advantage to prevent the disappearance opportunities that competitors have already begun to exploit, and (ii) how the entrepreneur can manage the uncertainty and information asymmetries related to exploiting new opportunities.

Asymmetrically distributed inform-ation in markets

Under the conditions of perfect competition, economists from Adam Smith and until today assumed that households and firms have access to perfect information of all products offered in a market, and that this information is accessible at no cost. This was one of the conditions that ensured prices to be lowered to a minimum on an equilibrium curve. In practical terms it is, however, costly to gain access to the information that the conditions under perfect competition assumes.

If households consider products and services in a market to be identical it does not matter which supplier the consumer chooses. All products are viewed as identical or homogenous. However, often products differ somewhat from each other. And thus the competition can be regarded as monopolistic competition. This form of competition is characterised by many buyers and sellers that offers similar but not identical products in a market.

The supplier can choose the price and different characteristics of a product, for example of wine. The consumers have a variety of products to choose from within the same industry. The element of choice has become more complex and the choice involves a combination of variations in price and other attributes of the product. This is the reality we meet in many markets for consumer products. Let us illustrate this with an example. A person sits in a restaurant making choices from a wine list. However, the person knows very little about wine. He or she wants to try out various wines by tasting different brands in an attempt to find out which tastes the best. But deciding which wine would go best with the meal is to the wine novice little different from tossing a coin.

The information about different makes of wine is available. There are books and magazines and wine tasting courses available. But our wine taster, in this example, has not had access to this information. The consumer in question does not intend to gain access to more information about wine. Being more informed about wine is costly and time consuming. Time and effort set aside to gain this information must be provided by the consumer. The information is in itself a product that the consumer must decide whether to consume. Economists call this asymmetric or unevenly distributed information.

These information asymmetries can arise both in product- and financial markets. The economist George Ackerlof won the Nobel prise in economics in 2001 had focused on these issues in a ground breaking article that among other things analyzed the market for used cars. The market for used cars differs from that of new cars in a very important way. The first driver of a used car possesses information about the condition of the car. He is benefitting from claiming that the car is in good shape. But why does he want to sell it if it is in such a good condition? To the buyer the condition of the car is uncertain. Ackerlof (1970) points out that: "a major reason why people prefers to buy new cars rather than used cars where their suspicion of the motives of the sellers of the used cars" (Akerlof 1970). Horse traders and other dealers in second hand goods of questionable quality have been dealing with this type of dilemma for ages. Economists refer to it as the problem of *adverse selection* but *hidden information* is equally accurate and seen as less off-putting.

Ackerlof showed that under certain circumstances the presence of "lemons" in the used car market could drive out sellers of higher-quality cars, even though there are some customers willing to pay a premium for reliability. Most cars traded will be "lemons" and good cars may not be traded at all - the bad cars tend to drive out the good from the market - according to Ackerlof. The problem of hidden information arises in many areas other than cars. Ackerlof pointed out that hidden information "was potentially an issue in any market where the quality of goods would be difficult to see by anything other than casual inspection". Brand names are a way to reassure customers about quality. When somebody buys a bottle of Coca Cola or a McDonald's hamburger they know what they are getting. Coca Cola and McDonalds have invested heavily in their brands. They have every incentive not to sully their brand names by selling goods that don't match people's expectations

Concluding remarks

Brands serve a vital role in determining the market success of entrepreneurial endeavours. Entrepreneurship can be analyses from different perspectives highlighting different roles that brands may play to entrepreneurs. The analysis can be made from either a static or dynamic perspective. When creating a unique and preferred brand, the entrepreneur can move from perfect competition between indistinguishable product offerings to a monopoly on a specific product that is regarded as superior by customers. This seriously alters the competitive dynamics in the market in favour of the entrepreneur with the competitively superior brand. Transaction cost theory contributes to the analysis of the competition in markets with notable brands. Brands can reduce the consumers' search cost when there are many alternative products on the market. The cost of reaching contracts can also be reduced when several undesirable alternatives are weeded out and the same supplier is preferred repetitively for consumption of the same product. Finally agreement costs can be reduced as relationships are built to suppliers when the same brand is preferred for future purchase.

In this article, we have analysed brands from the static, dynamic, transaction cost, and management perspectives. These perspectives exemplify the contrasting ways brands have been treated in prevailing brand theory. The brand literature falls short of bridging the gap between entrepreneurial and brand theory. This article maintains that, by applying strategy and a strategic perspective, brands and entrepreneurship can be appropriately linked. The search for appropriate strategies of achieving entrepreneurship and promoting brands unites the two main areas brands and entrepreneurship. Firms' abilities to develop strategies may be paramount in exploiting the opportunities presented by brands. A positioning strategy can enable entrepreneurs to promote brands. Generating competitive superiority is a paramount objective of an entrepreneurial strategy.

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